



Department of Public Health Fees Audit Report

Issued by the
Internal Audit Office
October 1, 2009

**City of El Paso
Internal Audit Office
Department of Public Health Fees Audit**

EXECUTIVE SUMMARY

The Internal Audit Office has concluded its audit of the Department of Public Health Fees. Based on the results of the audit, six (6) findings were identified to indicate internal control weaknesses within the operation of the Department of Public Health. All six of these findings are considered significant in nature.

Listed below is a summary of the six (6) findings identified in this report.

1. There is a lack of Cash Handling and Receipting Policies and Procedures at the Dental Clinic, Animal Services Division, Immunization Clinics, TB Clinic, and STD Clinic.
2. The Ysleta Immunization Clinic, TB Clinic, and STD Clinic have uncollected revenue due to patients not paying the fees for services.
3. Discounted fees are charged and collected at the Dental Clinic, TB Clinic, and the STD Clinic. These fees have not been approved by City Council either by City Ordinance or Resolution.
4. There is a lack of reconciliations of revenue and deposits. Reconciliations of revenue and deposits are not conducted by the Accounting/Payroll Specialist at the main Administrative Office.
5. There is a lack of income verification at the TB Clinic and the STD Clinic.
6. The Dental Clinic, the TB Clinic, and the Animal Services Division are incorrectly using their change funds.

For a detailed explanation of each of the findings please refer to the appropriate finding contained in the body of this Audit Report.

BACKGROUND

The City of El Paso's Department of Public Health provides several programs to the public for a fee, which includes:

- Dental Clinic,
- Sexually Transmitted Disease (STD) Clinic,
- Tuberculosis (TB) Clinic,
- Food Program,
- Animal Services Division, and
- Five Immunization Clinics.

The programs are categorized into four divisions;

- Health Clinics, which include the five Immunization Clinics, STD Clinic, and TB Clinic,
- Food Programs,
- Dental Clinics, and
- Animal Services Division.

The Department of Public Health also has other programs that do not charge fees. These programs include:

- Women, Infants, and Children (WIC) Program,
- Public Health Preparedness Program,
- Epidemiology Program,
- Health Education,
- Public Health Laboratory Program,
- 2-1-1 Texas Information, and
- Referral Center.

SCOPE & METHODOLOGY

The audit addressed the charging and collection of fees in the Immunization Clinics, STD Clinic, TB Clinic, Food Programs, Dental Clinics, and Animal Services Division.

The audit objectives were to conduct significant audit work at the Department of Public Health to determine the following:

- If management has instituted appropriate controls to ensure the Department of Public Health fees are properly safeguarded.
- If fees are properly charged. If fees are charged on an income sliding fee scale, determine that the appropriate fees are charged, collected and deposited.
- If revenues are properly and accurately reported.

The audit period covered the operations of Fiscal Year 2008 – 2009. This was a limited scope audit.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

***SIGNIFICANT FINDINGS, RECOMMENDATIONS,
AND MANAGEMENT’S RESPONSES***

The definition of a significant finding is one that has a material effect on the City of El Paso’s financial statements, identifies an internal control breakdown, a violation of a City procedure, law and/or regulation, which the City is required to follow. Any finding not meeting these criteria will be classified as an “Other Finding”.

Finding 1

Cash Handling and Receipting Policies and Procedures

The following table summarizes the Divisions/Locations with Policies and Procedures.

Policies and Procedures in Place

Location/Division	Yes	No	In Draft Form
Dental Clinic	-	-	X
Animal Services	-	-	X
Immunization Clinic	-	X	-
TB Clinic	-	X	-
STD Clinic	-	X	-
Food Program	X	-	-

Recommendation

The Department of Public Health’s management should document, approve, and disseminate to staff “program specific” Policies and Procedures to ensure proper cash handling procedures are followed. The Policies and Procedures should also be in agreement with the current City of El Paso’s Cash Management Manual issued May 2009.

Management’s Response

The Department will put in place the City of El Paso’s cash handling policies and procedures as detailed in the City of El Paso’s Cash Management Manual amended in May 2009.

Responsible Party

Carlos Campos: Administrative Services Manager
Angela Mora: Deputy Director Clinical Services
Ed de Castro: Deputy Director Animal Services

Implementation Date

March 1, 2010

City of El Paso
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Finding 2

Uncollected Revenue/Accounts Receivable

The following is a summary of uncollected revenue.

Exceptions	Ysleta Immunization Clinic	TB Clinic	STD Clinic
Period Tested	7/1/09 to 7/15/09	3/2/09 to 3/31/09	7/1/09 to 7/31/09
# of Instances	103	144	38
Amount Outstanding	\$1,100.00	\$1,387.00	\$482.00

- The Ysleta Immunization Clinic does not have a tracking system in place to quantify uncollected revenue.
- The TB Clinic and the STD Clinic maintain patient's payment history which can be used to determine uncollected revenue. Collection efforts are limited to a verbal reminder at the next appointment.
- The STD Clinic is double posting patient's charges on their records, which is leaving an outstanding balance on the patient's payment history.

Recommendation

The Department of Public Health's management should develop a tracking system for uncollected revenue and implement a billing or collection process for these outstanding accounts.

Management's Response

The Department of Public Health is in the process of purchasing a Department of Public Health Data management software from Advanced Business Solutions (ABS). This software will give the Department the ability to track uncollected revenue through an accounts receivable program and bill the patients on a monthly basis.

Responsible Party

Carlos Campos: Administrative Services Manager

Implementation Date

June 1, 2010

Finding 3

Discounted Fees

- Discounted Fees are being charged and collected at the Dental Clinic, the TB Clinic, and the STD Clinic. These fees have not been approved by City Council either by Ordinance or Resolution and are not listed on the Fiscal Year 2009 Budget Resolution – Schedule C Fee List.
- The STD Clinic created and is charging fees that are not listed on the Fiscal Year 2009 Budget Resolution – Schedule C Fee List.
 - Liquid Nitrogen - \$15.00
 - Charge for Prescriptions - \$5.00

Recommendation

The Department of Public Health's Discounted Fees should be reviewed and brought forward for City Council approval either by Ordinance or Resolution.

Management's Response

The Department will update the Schedule C and ensure that a uniform criterion is set that will all the programs to charge a discounted fee based on income levels.

Responsible Party

Carlos Campos: Administrative Services manager
Angela Mora: Deputy Director Clinical Services
Clyde Goodbar: Medical Billing Supervisor

Implementation Date

September 01, 2010. Fee schedule is updated during Budget Process

Finding 4

Lack of Reconciliations of Revenue and Deposits

Reconciliations of revenue and deposits are not conducted by the Accounting/Payroll Specialist at the main Administrative Office. Deposits are not being reconciled to Revenue Reports created at the clinics.

Recommendation

The Department of Public Health's Accounting/Payroll Specialist should reconcile deposits to the Revenue Reports created at the clinics.

Management's Response

The Department of Public Health is in the process of purchasing a Department of Public Health Data management software from Advanced Business Solutions (ABS). This software will give the Programs the ability to generate revenue reports that will be verified once by the Clinic Manager and then again by the AP Specialist in the main Administrative Office.

Responsible Party

Carlos Campos: Administrative Services manager
Angela Mora: Deputy Director Clinical Services
Ed de Castro: Deputy Director Animal Services
David Sublasky: Code Compliance Manager
Clyde Goodbar: Medical Billing Supervisor

Implementation Date

June 1, 2010

Finding 5

Lack of Income Verification

There is a lack of an income verification process at the TB Clinic and the STD Clinic. The TB Clinic and STD Clinic require patients to complete a form listing the patient's monthly income and number of dependents which is not verified.

Recommendation

The Department of Public Health's management should develop and implement a process to verify income.

Management's Response

The Department of Health will develop and implement a policy for patient income verification. All clinics that offer a discount based on income and grant requirements will be required to follow the guidelines in the policy and random audits will be done on a monthly basis to check for compliance by clinics.

Responsible Party

Carlos Campos: Administrative Service Manager
Angela Mora: Deputy Director Clinical Services
Clyde Goodbar: Medical Billing Supervisor
Marie Villa: Nurse Manager TB Clinic
Robin Ricart: Nurse Manager STD Clinic
Robert Taylor: Office Manager Dental Clinic
Roxann Parks: Nurse Manager Immunizations

Implementation Date

March 1, 2010

Finding 6

Incorrectly Using Change Funds

The Dental Clinic, the TB Clinic, & the Animal Services Division are incorrectly using their change funds.

- The Dental Clinic was issued \$40.00 and the TB Clinic was issued \$25.00. Both clinics use the prior day's revenue to supplement their change fund.
- The Animal Services Division use prior day's revenue as a change fund. The Animal Services Division has never been issued a change fund.

Recommendation

- The Dental Clinic and TB Clinic should not use prior day's revenue as an additional change fund. The change fund should be increased by following proper guidelines as stated in the City of El Paso's Petty Cash Manual Section 6.
- The Animal Services Division should not use prior day's revenue as a change fund. A change fund should be requested by following the guidelines stated in the City of El Paso's Petty Cash Manual Section 5.

Management's Response

A change fund in the amount of \$100.00 will be requested for both the Dental Clinic and the Animal Services Division from City Treasury so that they have cash on hand to give change to customers. They will also receive training on the City of El Paso cash handling guidelines.

Responsible Party

Carlos Campos: Administrative Services Manager
Angela Mora: Deputy Director Clinical Services
Ed de Castro: Deputy Director Animal Services
Robert Taylor: Office Manager Dental Clinic

Implementation Date

March 1, 2010

INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

CONCLUSION

Based on the results of this internal audit, we have concluded that there are weaknesses in the Department of Public Health's internal control system as evidenced below:

- There is a lack of Cash Handling and Receipting Policies and Procedures.
- There is uncollected revenue due to patients not paying the fees for services.
- The Discounted Fees charged and collected have not been approved by City Council either by Ordinance or Resolution.
- There is a lack of deposit reconciliations at the Department of Public Health.
- There is a lack of income verification at the Department of Public Health
- Revenue collected is being used as a change fund.

The implementation of the recommendations provided in this Audit Report should assist the Department of Public Health in making improvements to their internal controls structure.

We wish to thank the Department of Public Health's management and staff for their assistance and courtesies extended throughout this audit.

Signature on File
Edmundo S. Calderon, CIA, CGAP, MBA
Chief Internal Auditor

Signature on File
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Auditor

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